

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR

STARR RIDGE

Registration No. DM07-053359

SUBDIVIDER

HERDER EATON HOMES, INC.
P.O. BOX 86416
Tucson, AZ 85754-6416

March 2, 2006

Effective Date

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY. The report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. **NOTE** that not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

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THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

1. You BE GIVEN this public report;
2. YOU SIGN A RECEIPT indicating that you received this report;

RECOMMENDS:

1. You DO NOT SIGN ANY AGREEMENT before you have read this report;
2. You see the EXACT PROPERTY you are interested in BEFORE SIGNING any document for lease or purchase.

ARIZONA LAW STATES:

1. THE SALE OR LEASE OF SUBDIVIDED LANDS PRIOR TO ISSUANCE OF THIS REPORT OR FAILURE TO DELIVER THIS REPORT TO YOU SHALL RENDER THE SALE OR LEASE RESCINDABLE BY YOU. ACTION TO RESCIND MUST BE BROUGHT WITHIN 3 YEARS FROM DATE OF EXECUTION OF PURCHASE AGREEMENT.
2. CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.
3. IF YOU HAVE SIGNED A PURCHASE AGREEMENT FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.

* A contract or agreement for purchase of a lot which includes a building or obligates the seller to complete construction of a building within two years from the contract date does not constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building or a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

GENERAL

This report includes: Lots 1 thru 105

The map of this subdivision: is recorded in Book 58, page 50, records of Pima County, State of Arizona.

The subdivision is approximately 58.17 acres in size. It has been divided into 105 lots. Lot boundaries will be staked with ½ inch iron pins.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

SUBDIVISION LOCATION

Location: Sarasota Blvd. and Golden Vista Way, Tucson, Pima County, Arizona

SUBDIVISION CHARACTERISTICS

Topography: Land slopes to the southwest, sandy soils, site **is** bisected by natural washes.

Flooding and Drainage: In a letter dated December 20, 2006, by PSOMAS Engineering, it states: “The report determined the flood prone limits of the 100-year storm. The 100-year flood limits and associated floodplain are outside of Starr Ridge, Lots 1-105, Book 58, Page 50. No lots in this subdivision are impacted by the 100-year prone areas as determined by the Report.”

Soils: Not subject to subsidence or expansion.

Adjacent Lands and Vicinity: The land to the north and east: IR (Institutional Reserve), South: SR (Suburban Ranch), West: TH (Trailer Home site)

The site bordered by mobile **and manufactured** homes to the north and west, the Tucson Mountain Park to the north and east, the Boy Scouts of America to the south. A Central Arizona Project **Water** Pipeline runs along the west side of the project within the subdivision.

THIS SUBDIVISION IS LOCATED WITHIN FIVE MILES OF AN AMERICAN INDIAN RESERVATION. ACTIVITIES ON THE RESERVATION INCLUDE OR MAY INCLUDE OPEN RANGE, AGRICULTURAL OPERATIONS, AIRCRAFT OPERATIONS, INDUSTRIAL OPERATIONS AND DAIRY FARMS. A RESERVATION HAS ITS OWN LAWS GOVERNING THE LAND WITHIN ITS BOUNDARIES. THESE MAY INCLUDE TRESPASSING, DUMPING, ARCHAEOLOGY, HUNTING, FISHING, ETC. IN ADDITION, CERTAIN AREAS OF THE RESERVATION MAY BE NONPUBLIC-CLOSED AREAS

WHICH REQUIRE SPECIAL PERMISSIOIN TO ENTER. THOROUGHFARES AND ROADS ON THE RESERVATION MAY NOT BE AVAILABLE FOR PUBLIC USE.

Pascua Yaqui Tribe, 7474 S. Camino de Oeste, Tucson, AZ 85757, 520.883-5000, www.pasuavaqui-nsn.gov

AIRPORTS

Airport: Tucson International Airport is approximately 8 miles away; Ryan Airfield, 7 miles southwesterly from the subdivision.

UTILITIES

Electricity: Tucson Electric Power, (520) 623-7711 www.tucsonelectric.com The current hook up fee is \$13.50 plus tax.

Street Lights: None

Telephone: Qwest Communications, (800) 244-1111 www.qwest.com The current minimum hook up fee is \$46.50.

Cable: Comcast Cable, 520.744-1900, www.comcast.com, hook up fees \$38

Natural Gas: Southwest Gas, (520) 889-1888 www.swgas.com The current hook up fee is \$31.50 and a deposit may be required.

Water: City of Tucson Water, (520) 791-3242 www.ci.tucson.az.us/water, \$30 connection fee

Sewage Disposal: Pima County Dept. of Wastewater Management (520) 740-6609 www.pima.gov, \$15 establishment fee, costs included in City of Tucson Water bill

STARR RIDGE HOMEOWNERS ASSOCIATION IS RESPONSIBLE FOR THE OPERATION MAINTENANCE AND REPAIR OF A PRIVATE WASTEWATER PUMPING SYSTEM, BOTH PUMP STATION AND FORCE MAIN, AND THE GRAVITY SANITARY SEWERS WITHIN THE DEVELOPMENT UNTIL SUCH TIME AS THE PRIVATE WASTEWATER PUMPING SYSTEM IS REPLACED BY A PUBLIC GRAVITY OUTFALL SANITARY SEWER. THE PUMPING SYSTEM WILL BE DESIGNED TO BE RELIEVED BY GRAVITY WHEN DEVELOPMENT OF THE ADJOINING DOWN GRADIENT PROPERTIES OCCURS. COSTS OF CONVERSION TO A PUBLIC WASTEWATER SYSTEM AND ABANDONMENT OF THE PRIVATE WASTEWATER PUMPING SYSTEM WILL BE THE RESPONSIBILITY OF THE STARR RIDGE HOMEOWNERS ASSOCIATION.

Developer advises utilities to be completed to the lot lines by July 1, 2008.

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING

EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Asphalt-paved public street to be maintained by Pima County.

Access within the Subdivision: Asphalt-paved private streets maintained by the homeowners' association.

Flood and Drainage: In Common Areas "A" (natural open space/natural drainage), and "B" (functional open space/improved drainage); maintained by the homeowners' association.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Common Area "A" (natural open space/natural drainage), "B" (functional open space/improved drainage)

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: A Third Party Assurance Agreement with Pima County

Assurances for Maintenance of Subdivision Facilities: Homeowners' Association, Pima County, and the utility providers.

LOCAL SERVICES AND FACILITIES

Schools: Banks Elementary, approximately 5 miles away; Valencia Middle School, approximately 3.5 miles away; Cholla High School, approximately 7 miles away.

SCHOOL FACILITIES AND BUS SERVICE MAY CHANGE. YOU SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS SERVICE.

Shopping Facilities: Ajo Way and Mission Rd., approximately 5 miles away.

Public Transportation: Ajo Way and Mission Rd., approximately 5 miles away.

Medical Facilities: St. Mary's Hospital, approximately 9 miles away

Fire Protection: Drexel Heights Fire Dept.

Ambulance Service: Available via 911

Police Services: Pima County Sheriff

Garbage Services: Waste Management of Tucson, 520.744-2600, \$58.56 due quarterly

LOCATIONS AND COSTS OF THE ABOVE SERVICES AND FACILITIES MAY CHANGE. YOU SHOULD VERIFY THEIR CURRENT LOCATIONS AND COSTS PRIOR TO PURCHASE.

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for vacant lot without dwelling for single family residences, and single family residential lot with dwelling.

Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items which are recorded may be inspected at the Office of the Pima County Recorder. Information about zoning may be obtained at the Office of the County Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

TITLE

Title to this subdivision is vested in Fidelity National Title Agency, Inc., an Arizona Corporation, as Trustee under Trust No. 60,040.

Subdivider’s interest in this subdivision is evidenced by a recorded Memorandum of Option to Purchase agreement

OPTION AGREEMENTS

Subdivider’s only interest in the development is a right to purchase lots pursuant to the described option agreement. You have no assurance that SUBDIVIDER will purchase or build homes on all development lots.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated February 6, 2007, issued by Fidelity National Title Agency, Inc.. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT “A” ATTACHED

METHOD OF SALE OR LEASE

Sales: YOUR VESTED INTEREST/OWNERSHIP INTEREST IN THE PROPERTY WILL BE EVIDENCED BY THE SUBDIVIDER DELIVERING A RECORDED DEED TO YOU AND BY YOUR SIGNING A PROMISSORY NOTE AND MORTGAGE OR DEED OF TRUST FOR THE UNPAID BALANCE, IF ANY. YOU SHOULD READ THESE DOCUMENTS BEFORE SIGNING THEM.

YOU ARE ADVISED THAT CONSTRUCTION ADVANCES WILL NOT BE PLACED IN A NEUTRAL ESCROW. SUCH MONEY WILL BE PAID DIRECTLY TO THE SELLER AND MAY BE USED BY THE SELLER. THIS MEANS THAT THE PURCHASER ASSUMES A RISK OF LOSING SUCH MONEY IF THE SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE PURCHASE CONTRACT.

Release of Liens and Encumbrances: Purchasers will receive title free and clear of all liens.

Use and Occupancy: Upon close of escrow and recordation of deed.

Leasehold Offering: None

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES PROVIDED BY LAW. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE.

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2006 is \$17.2878 per \$100.00 assessed valuation. The estimated property tax for an improved lot (lot with dwelling), based on the above tax rate and average sales price of \$400,000 is \$5,532.09. The estimated property tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$120,000 is \$1,659.62.

Special District Tax or Assessments: None

AMOUNT OF TAXES AND ASSESSMENTS SET FORTH ABOVE ARE APPROXIMATE ONLY AND SUBJECT TO CHANGE.

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Starr Ridge Homeowners Association, Inc., \$50 per month assessment

Control of Association: Upon the happening of the first of the following events: (A) The date which is 120 days after the end of the development period; or (B) The date which is 10 years after the date this declaration is recorded; or (C) 120 days after the declarant relinquishes its Class B Votes by providing written notice to the association.

Title to Common Areas: Upon Release of Assurances

Membership: All Lot Owners

PAYMENTS TO PROPERTY OWNERS ASSOCIATIONS ARE SUBJECT TO CHANGE IN ACCORDANCE WITH RECORDED RESTRICTIONS. SAID ASSOCIATION MAY ALSO IMPOSE SPECIAL ASSESSMENTS.

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF (COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, DECLARATION OF CONDOMINIUM, BYLAWS) FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT/UNIT OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNERS' ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF THEIR LOT/UNITS. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS/UNITS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

EXHIBIT "A"

- 1. **Property taxes**, which are a lien not yet due and payable, including any personal property taxes and any assessments collected with taxes to be levied for the year 2007.

- 2. DELETED

- 3. Reservations, exceptions and provisions contained in the patent from the United States of America, or in the acts authorizing the issuance thereof, as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized by local customs, laws and decisions of courts.

And there is reserved from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States.

Excepting and reserving, however, to the United States, all coal and other minerals in the land so entered and patented, together with the rights to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stats. 862)

Recorded: August 18, 1934 in Book 178 of Deeds, Page 613.

- 4. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Gas, Electric Light and Power Company
 Purpose: electric lines, poles and appurtenances
 Recorded: July 21, 1942, Book 77, Page 10, of Miscellaneous Records
 Affects: the easement area is not specifically defined.

- 5. The matters contained in the Declaration of Restrictions and Covenants Running With the Land in favor of Pima County

Recorded: March 9, 1977 in Docket 5478, Page 697.

- 6. Any rights of way or easements for existing utilities or other rights of way over those portions of said land lying within the public right of way abandoned by resolution or ordinance

Recorded: November 16, 1984, in Docket 7411, Page 1511

The Resolution and Order also specifically reserves an easement to Pima County for access, public emergency vehicles and maintenance of fences, trails, and an easement unto Tucson Electric Power Company and Mountain Bell for their existing facilities within the abandoned right of way.

The area is also shown on the map recorded in Book 20 of Road Maps, Page 100 and on the recorded map of Starr Ridge.

Affects: Lots 59 through 77.

- 7. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Electric Power Company
 Purpose: electric lines and facilities
 Recorded: December 13, 1984, Docket 7429, Page 690
 Affects: the area within the abandoned roadway referred to next above.

- 8. The reservation of 1/2 interest in all mineral rights, in the deeds

Recorded: September 19, 1986 in Docket 7873, Pages 1930, 1934 and 1988.

- 9. The zoning matters set forth in Ordinance 1997-94 of the Pima County Board of Supervisors

Recorded: December 12, 1997 in Docket 10691, Page 1088.

- 10. The matters set forth in the Declaration of Conditions, Covenants and Restrictions Running With the Land (Rezoning) in favor of Pima County

Recorded: August 29, 2003 in Docket 12125, Page 3200.

- 11. **Easements, restrictions, and matters** shown on the recorded map of said subdivision.

- 12. **Covenants, conditions and restrictions** (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the document

Recorded: May 28, 2004, in Docket 12312, Page 2237

Amendment(s) of said covenants, conditions and restrictions

Recorded: June 20, 2006, in Docket 12829, Page 4148

13. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: the owners, their successors, assignees, heirs and devisees
 Purpose: ingress, egress and drainage
 Recorded: August 4, 2005, Docket 12609, Page 4819
 Affects: Lots 60 through 68 and 70 through 74.

14. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$6,000,000.00
 Dated: October 31, 2006
 Trustor: William & Rogers Company, Inc., an Arizona corporation
 Trustee: Fidelity National Title Agency, Inc.
 Beneficiary: Canyon Community Bank, N.A.
 Recorded: November 1, 2006, in Docket 12922, Page 6109

15. Financing Statement(UCC-1) filed in the Office of the County Recorder, showing

Debtor: William & Rogers Company, Inc.
 Secured Party: Canyon Community Bank, N.A.
 Assignee of
 Secured Party: n/a
 Recorded: November 1, 2006, in Docket 12922, Page 6120

16. Matters contained in the instrument entitled Amendment to Sewer Facilities Development Agreement recorded December 11, 2006, in Docket 12948, Page 1191.

17. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$3,500,000.00
 Dated: October 31, 2006
 Trustor: Fidelity National Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 60,040
 Trustee: Fred A. Farsjo, Esquire
 Beneficiary: Tucson Estates Investment Company, LLC, an Arizona limited liability company
 Recorded: December 15, 2006, in Docket 12952, Page 3

18. An assurance agreement for completion of subdivision improvements (third party trust) between

Trustee: Fidelity National Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 60,040
 Beneficiary: William & Rogers Company, Inc., an Arizona corporation
 Agency: Pima County
 Recorded in: December 8, 2006, in Docket 12947, in Book , Page 4022

- 19.** Memorandum of Option dated November 28, 2006, by and between Fidelity National Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 60,040 and Herder Eaton Homes, LLC, an Arizona limited liability company, recorded January 26, 2007, in Docket 12979, Page 2637.

There are no other recorded matters affecting the title to the land described in this report.

END OF EXCEPTIONS

PUBLIC REPORT RECEIPT

The developer shall furnish you, as a prospective customer, with a copy of the Public Report required by the Arizona Department of Real Estate. It is recommended that you read the report before you make any written offer to purchase or lease an interest in the development and before you pay any money or other consideration toward the purchase or lease of an interest in the development.

FOR YOUR PROTECTION, DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE REPORT AND HAVE HAD THE OPPORTUNITY TO READ IT. BY SIGNING THIS RECEIPT, THE BUYER HAS ACCEPTED THE PUBLIC REPORT AND ACKNOWLEDGES THE INFORMATION IT CONTAINS.

(Public Report Registration No.)

(Development Name and Lot No.)

I understand the report is not a recommendation or endorsement of the development by the Arizona Department of Real Estate, but is for information only.

(Buyer's Name)

(Current Address)

(Date)